



The U.S. Standards System and Intellectual Property Rights



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IPR and US Standards Development

IPR can pose challenges to the development and implementation of voluntary standards

- Standards developers have sought to ensure that a standard would infringe undisclosed patent claims, seeking royalties after a market has been locked in
- Standards developers have been unwilling to license their IPR (particularly patents) to others, impeding adoption of a standard
- Third party (non-member) owners of IPR essential to standard implementation have little or no incentive to license on reasonable terms
- SSO business models are often based in whole or part on the sale of copyrighted standards they develop

Legal Basis for IP Rights

U.S. Constitution

The Congress shall have power . . .

to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries. (Art. 1, Sec. 8, Clause 8)

Legal Basis for IP Rights (Cont'd.)

Trade secrets

- State Law and Common Law
- Federal law: Economic Espionage Act; Trade Secrets Act; Defend Trade Secrets Act (NEW!)

Patents

- Federal Law: 35 U.S.C. §§100 et seq.

Copyrights

- Federal Law: 17 U.S.C. §§ 101 et seq.

Trademarks

- State Law and Common Law
- Federal Law: 15 U.S.C. §§ 1051 et seq. (The Lanham Act)

Trade Secrets—Summary

What may be protected	Any secret information that provides an advantage
Protection provided	May prevent unlawful use and disclosure
How to obtain protection	Automatic as long as secrecy maintained; no “application” process
Duration	Duration of secrecy
Enforcement	Suit in State or Federal court

Patents—Summary

What may be protected	Process, machine, method of manufacture or composition of matter; plants; designs
Protection provided	May prevent others from making, using, selling, offering for sale and importing
How to obtain protection	Application process through US Patent & Trademark Office
Duration	Utility/Plant—20 years from filing Design—14/15 years from grant
Enforcement	Infringement suit in Federal Court; exclusion order in ITC

Copyrights – Summary

What may be protected	Creative Works: literary works, software, dramatic works, music lyrics, dances, pictures, sculptures, architectural works
Protection provided	May prevent others from copying or public performance
How to obtain protection	Automatic. To enforce, must register in U.S. Copyright Office
Duration	Life of author + 70 years or 95/120 years
Enforcement	Infringement suit in Federal Court

Trademarks – Summary

What may be protected	Words, phrases or logos used for Trademark (tangible goods) or Service Mark (services) or Trade Dress visual appearance of packaging
Protection provided	May prevent others from using mark in commerce
How to obtain protection	Common law protection through use; registration process through State and/or Federal agencies
Duration	Unlimited until abandoned; Federal registrations must be renewed
Enforcement	Infringement suit in State or Federal court

IPR in Standards Setting – The ANSI Patent Policy

“There is no objection in principle to drafting an American National Standard (ANS) in terms that include the use of an essential patent claim (one whose use would be required for compliance with that standard) if it is considered that technical reasons justify this approach.”

The NSTC Subcommittee on Standards

“Clear Intellectual Property Rights (IPR) Policies: standards organization IPR policies should take into account the interests of both IPR holders and those seeking to use or implement the IP included in the standard or standards. These policies should be easily accessible and the rules governing the disclosure and licensing of IPR should be clear and unambiguous.”

“Federal Engagement in Standards Activities to Address National Priorities Background and Proposed Policy Recommendations,” October, 2011

Dell and Rambus Set the Stage for SSO Patent Policies

Dell's 1996 consent decree with the FTC regarding Dell's participation in a standard setting process hosted by the Video Electronics Standards Association (VESA):

- Dell failed to disclose to VESA its patent that it believed would be infringed by any implementation of the standard under consideration
- After adoption of the standard and its initial commercialization, Dell identified its patent and asserted a right to require royalties

FTC concluded that such behavior violated antitrust laws:

- Dell agreed to grant a royalty-free license to any implementer of the standard
- Dell was required to subject itself to oversight in its standards-related activities for a period of ten years

Dell and Rambus Set the Stage for SSO Patent Policies

The non-manufacturer memory technology company Rambus had a series of legal proceedings over its standards activities relating to SDRAM dating back to the early 1990s:

- FTC ruled in 2006 that Rambus illegally created a monopoly in certain standards-reliant technology by abusing the Joint Electron Device Engineering Council (JEDEC) standard setting process
- FTC required that Rambus license essential patent claims, set limits on the amount of royalties, and barred any royalties after three years
- FTC required Rambus to make complete disclosure of all relevant patents as required by any SSO, have a “Commission-approved compliance officer,” and maintain auditable records of its activities
- Appeals Court reversed the FTC in 2008, finding that it failed to prove monopolistic anti-competitive behavior

IPR in Standards Setting – The ANSI Patent Policy

“The ASD shall receive from the patent holder or a party authorized to make assurances on its behalf, in written or electronic form, either:

(a) assurance in the form of a general disclaimer to the effect that such party does not hold and does not currently intend holding any essential patent claim(s); or

(b) assurance that a license to such essential patent claim(s) will be made available to applicants desiring to utilize the license for the purpose of implementing the standard either:

(i) under reasonable terms and conditions that are demonstrably free of any unfair discrimination; or

(ii) without compensation and under reasonable terms and conditions that are demonstrably free of any unfair discrimination.”

IPR in Standards Setting – The ANSI Patent Policy

“Neither the ASD nor ANSI is responsible for identifying patents for which a license may be required by an American National Standard or for conducting inquiries into the legal validity or scope of those patents that are brought to their attention.”

IPR in Standards Setting – ANSI Guidelines for Implementing Patent Policy

“Possible Procedures for Implementing the Policy”

- Early Disclosure of Patent Rights
 - Where known (no obligation to search)
 - By any participant (e.g., non-patent holders)
- Early Indication of a Willingness to License
 - Refusal may be ground to favor alternative technology
- Subsequently Discovered Patents
 - Same assurances required; failure to do so results in withdrawal of ANSI approval of standard

IPR in Standards Setting – Summing up the ANSI Patent Policy

- The ANSI Patent Policy focuses on patents containing essential patent claims (“Standard-Essential Patents,” or “SEPs”)
- It does not impose a duty on a patent holder to undertake a search of its patent portfolio
- It does not address pending patent applications
- Assessment of the existence and validity of asserted patent rights is conducted outside of the standards-setting venue
- Specific licensing terms are discussed outside of the standards-setting venue
- “Nondiscriminatory” under the ANSI Patent Policy does not necessarily mean “identical”

IPR in Standards Setting – Other Forms of IPR

Trademarks – Ownership Uniformly Retained

- IPR policies uniformly provide that members retain ownership of their trademarks, and SSOs retain ownership of theirs
- Trademarks particularly important to SSOs that conduct, or authorize the operation of, certification testing/conformity assessment

Trade Secrets and Confidentiality – All or Nothing

- IPR policies either define what is entitled to be maintained in confidence, or (more often) provide that nothing will be considered confidential
- Timing of disclosure to non-members is important as early knowledge of evolving standards is of commercial value

IPR in Standards Setting – Other Forms of IPR

Copyright – Ownership Typically Retained

- Member-contributed material is
 - irrevocably licensed to the SSO to make the contribution available to other members for purposes of considering its inclusion in a standard
 - licensed to the SSO to distribute the eventual standard with the contribution included, in whole or in part
 - Subject to agreement that the SSO will own the copyright in the final standard into which the contribution is incorporated (an SSO business model)
- The *Veeck* Case – “Does the government's decision to make the copyrighted proposals binding place the copyrighted material in the public domain? The First Circuit said maybe. The Second and Ninth Circuits said no. And nine of fifteen Fifth Circuit judges said yes.”

Copyrighted Standards – “Incorporation by Reference”

The Appellate Court in *Veeck* distinguished the “model code” at issue there from “extrinsic standards” incorporated by reference:

“Several national standards-writing organizations joined SBCCI as *amici* out of fear that their copyrights may be vitiated simply by the common practice of governmental entities’ incorporating their standards in laws and regulations. This case does not involve references to extrinsic standards. Instead, it concerns the wholesale adoption of a model code promoted by its author, SBCCI, precisely for use as legislation. Caselaw that derives from official incorporation of extrinsic standards is distinguishable in reasoning and result.”

Veeck v. Southern Building Code Congress International, Inc. 293 F.3d 791 (5th Cir. 2002)(*en banc*)(citations omitted)

Copyrighted Standards – “Incorporation by Reference”

Agencies publishing regulations in the Federal Register, under 5 U.S.C. Section 552, may incorporate information by reference into, and that information is thereby “deemed published” in, the Federal Register if the information is made “reasonably available to the class of persons affected thereby.”

What does “reasonably available” mean in the Internet Age?

Section 24 of the Pipeline Safety Bill of 2011 precluded IBR of standards in DOT regulations “unless those documents or portions thereof are made available to the public, free of charge, on an Internet Web site.”

Copyrighted Standards – “Incorporation by Reference”

The Administrative Conference of the United States (ACUS) Recommendation 2011-5 on IBR in 2011 recommending that Federal Agencies considering incorporating materials by reference should ensure that the material will be reasonably available both to regulated and other interested persons.

In February 2012, the National Archives and Records Administration issued a *Federal Register* notice soliciting input on IBR and, in particular, on what constitutes “reasonable availability” under the CFR.

In March 2013, OMB issued a *Federal Register* notice seeking comments on OMB Circular A-119, which also included questions on the IBR issue.

OMB A-119 Summary

A-119 has been revised to offer Federal agencies detailed guidance on:

- Choosing and using voluntary consensus standards in government programs
 - Considering international obligations in using standards and conformity assessment
 - Using private sector conformity assessment mechanisms
 - Participating in voluntary standards development
 - Encouraging stronger role of ICSP and agency standards executives
 - Addressing “reasonable availability” of standards incorporated by reference
- NIST plans to update its Conformity Assessment Guidance to complement the revised Circular.

“IBR Handbook”

April 2016

<https://www.archives.gov/federal-register/write/handbook/ibr.pdf>

VI. What is the Required Availability for IBR Material?

A. Incorporated Material Must Be Reasonably Available

1. Materials that are incorporated by reference must be “reasonably available” during the lifecycle of the relevant regulation and its regulatory programs. This can pose a challenge for agencies, especially when the material is copyrighted. We interpret “reasonably available” in a flexible, case-by-case manner that takes specific situations into consideration. However, **the agency must provide the basis for a finding of “reasonably available.”**

2. When necessary, the responsible agency should collaborate with the standards development organizations and other publishers of incorporated materials to **ensure that the public has reasonable access** to the incorporated documents.

VI. What is the Required Availability for IBR Material?

B. Ways to Make Incorporated Material Reasonably Available

Agencies considering IBR need to determine if and how the material is available to both regulated and other interested parties. If more than one standard meets the agency's need, the agency should consider availability of the standards when determining which standard it seeks to IBR.

Some agencies have successfully worked with copyright owners to further the goals of both transparency and public-private collaboration. For example, ACUS recommends agencies can consider obtaining permission from the copyright holder to:

- Make a read-only copy of the incorporated material available in the agency's public electronic docket during the time that the rulemaking is under consideration; or
- Make the incorporated material publicly available in read-only form on the copyright owner's website.

VI. What is the Required Availability for IBR Material?

“But remember, read-only access, on its own, may not meet the reasonable availability requirement at the final rule stage of rulemaking. If the regulated parties aren’t able to use the material (which may be different [than] simply reading or accessing it) throughout the life of the rulemaking, this could lead to enforcement issues.”

SEPs and RAND and Hold-up – Current Events (Abridged)

Telecommunications, the Internet, Smartphones, etc., represent huge and very competitive platform-based markets that have generated high-profile disputes including patent litigation involving SEPs.

Competition agencies (e.g., FTC, DOJ) are closely scrutinizing whether owners of RAND-encumbered SEPs are harming competition through “hold-up” – demanding license terms that are not RAND threatening a locked-in standards implementer with injunction or ITC exclusion order.

In addition to rulings in individual enforcement actions and comments (e.g., through amicus briefs and letters) in specific cases, competition agencies are calling on SSOs to address RAND commitments more clearly as part of those organizations’ policies, to reduce the potential for hold-up.

SEPs and RAND and Hold-up – Current Events (Abridged)

DOJ has urged SSOs to address a number of issues in the standards development and setting process:

- “Establish procedures that seek to identify, in advance, proposed technology that involves patents which the patent holder has not agreed to license on F/RAND terms and consciously determine whether that technology should be included in the standard;
- “Make it clear that licensing commitments made to the standards body are intended to bind both the current patent holder and subsequent purchasers of the patents and that these commitments extend to all implementers of the standard, whether or not they are a member of the standards body;
- “Give licensees the option to license F/RAND-encumbered patents essential to a standard on a cash-only basis and prohibit the mandatory cross-licensing of patents that are not essential to the standard or a related family of standards, while permitting voluntary cross-licensing of all patents; and

SEPs and RAND and Hold-up – Current Events (Abridged)

“Place some limitations on the right of the patent holder who has made a F/RAND licensing commitment who seeks to exclude a willing and able licensee from the market through an injunction. It would seem appropriate to limit a patent holder’s right to seek an injunction to situations where the standards implementer is unwilling to have a neutral third-party determine the appropriate F/RAND terms or is unwilling to accept the F/RAND terms approved by such a third-party;

“Make improvements to lower the transactions cost of determining F/RAND licensing terms. Standards bodies might want to explore setting guidelines for what constitutes a F/RAND rate or devising arbitration requirements to reduce the cost of lack of clarity in F/RAND commitments. VITA’s patent policy, for example, creates an arbitration procedure to resolve disputes over members’ compliance with the patent policy; and

“Consider ways to increase certainty that patent holders believe that disclosed patents are essential to the standard after it is set. The number of “essential” patents encumbered by F/RAND licensing commitments at certain standards bodies has increased exponentially in recent years. “

(Fiona Scott-Morton, “The Role of Standards in the Current Patent Wars,” Brussels, Belgium, December 5, 2012)

SEPs and RAND and Hold-up – SSOs React

Standards organizations including ANSI are actively considering these DOJ proposals and similar proposals and comments from other agencies.

For example, the ANSI Intellectual Property Rights Policy Committee established Task Forces to address a number of the DOJ suggestions.

Different SSOs will approach the issue of RAND-encumbered SEPs differently; indeed, some SSO policies already address issues such as *ex ante* licensing.

IEEE's controversial revised Patent Policy and related DOJ Business Review Letter (2015)

No one-size-fits-all solution is likely, or even desirable.

Thank You

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Questions?

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